Local and Northern Involvement in Construction, Maintenance and Leasing:

A PROGRESS REPORT

Department of Public Works

Government of the Northwest Territories

102-02129/

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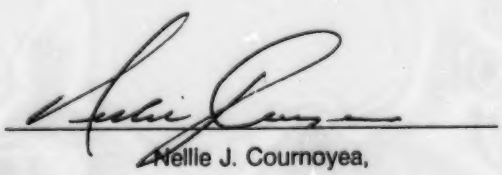
MINISTER'S INTRODUCTION

I would like to take this opportunity to present the Department of Public Works (DPW) "Local and Northern Involvement in Construction, Maintenance and Leasing Strategy: A Progress Report". This report describes the considerable progress DPW has made over the years in offering Northern and local businesses and residents greater opportunities to participate in this Government's programs to construct, maintain or lease government infrastructure.

This Local and Northern Involvement in Construction, Maintenance and Leasing Strategy is a key component within the Territorial Government's overall Economic Development Strategy and is closely linked to many of the programs being put forward by other departments in their individual strategies. The progress already being made by DPW in implementing local and Northern involvement initiatives would not have been possible without the support of these other government departments and agencies. In presenting this document, I would like to acknowledge those who have contributed to developing this strategy. I would also like to express my confidence that this support will continue as we enter the 1990's.

The further evolution and implementation of the local and Northern involvement thrusts described in this report will provide continuing opportunities for NWT businesses and residents alike to benefit from the programs managed by DPW. Through this, we can expect that even more of the expenditures of the Government will remain in the hands of Northerners and will thus contribute towards the strengthening of our economy.

On behalf of my Cabinet colleagues, I look forward to receiving your ideas once you have examined this report.



Nellie J. Cournoyea,
Minister,
Department of Public Works.

FOREWARD

The Government's Economic Development Strategy, as described in the document entitled "Economy in Transition: An Agenda for Action", provides the framework through which departmental strategies focusing on the development of various sectors of the NWT economy can be discussed. The Local and Northern Involvement in Construction, Maintenance and Leasing Strategy is an important element in achieving the "Maximizing Impact of Public Expenditures" component of the overall government strategy.

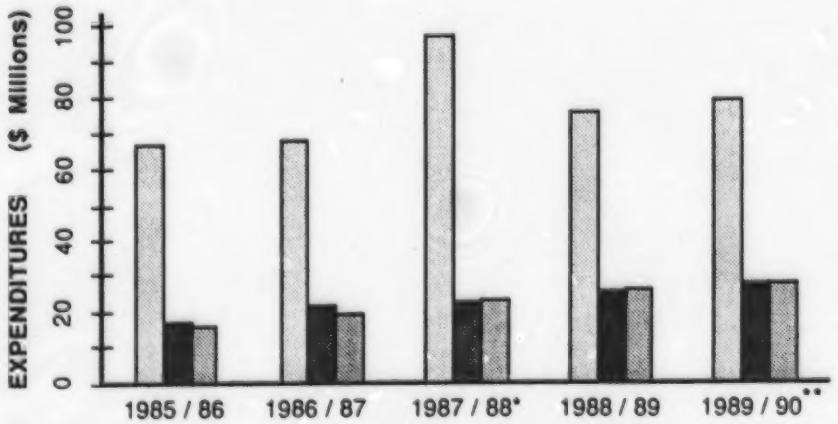
The Local and Northern Involvement in Construction, Maintenance and Leasing Strategy has evolved over the decade of the 1980's, in order to increase the opportunities for all NWT residents and businesses to benefit from the Government's capital construction, maintenance and leasing programs. The Department of Public Works (DPW) has been highly involved in the development and implementation of this strategy, through its responsibilities to design, construct, acquire, operate and maintain buildings (excluding NWT Housing Corporation stock), works and equipment required by the Government to deliver programs and services to Territorial residents. DPW is committed to the ongoing implementation of this strategy and to its future evolution in order that increased business development, training and employment opportunities can be made available to NWT businesses and residents.

The purpose of this report is to provide the Members of the Legislative Assembly and the residents of the NWT with a status report on the progress already being achieved by DPW in implementing the Local and Northern Involvement in Construction, Maintenance and Leasing Strategy, as well as to describe the main elements of this strategy and the Department's future plans to continue its development and implementation.

Increased public knowledge and awareness of the intent and content of this strategy will assist this Government in furthering the development and expansion of the entire Territorial economy.

HISTORICAL PERSPECTIVES

In the early 1980's the Government recognized the impact which the GNWT's expenditures for construction and leasing of new infrastructure in communities and the maintenance and operation of these facilities could have upon the economic development of the NWT. As noted in Figure 1, the Government has expended increasing amounts of funding to develop facilities needed in the Territories to improve the level of services provided for Territorial residents. It was therefore recognized by the GNWT that construction, leasing and maintenance activities could be used to provide long term business and employment development opportunities at the local, community level as well as across the Territories. This Government believed that even greater emphasis was needed to support and encourage the development of Northern and local business and employment opportunities. During 1987, the GNWT developed a Discussion Paper which outlined approaches to capital construction being considered or in use by the then Department of Public Works and Highways (DPW&H) and the Northwest Territories Housing Corporation to stimulate business development and employment for NWT residents in construction and maintenance activities. This Discussion Paper was approved by Cabinet, tabled in the Legislative Assembly in the 1987 Spring session and



Source: Main Estimates & Capital Projects Allocation Sheets (Vote 2 Capital only)

* Year of Accelerated Capital Construction Program
** Projections from third quarter Variance Report

FIGURE 1
GNWT CONSTRUCTION CAPITAL AND MAINTENANCE & LEASING EXPENDITURES

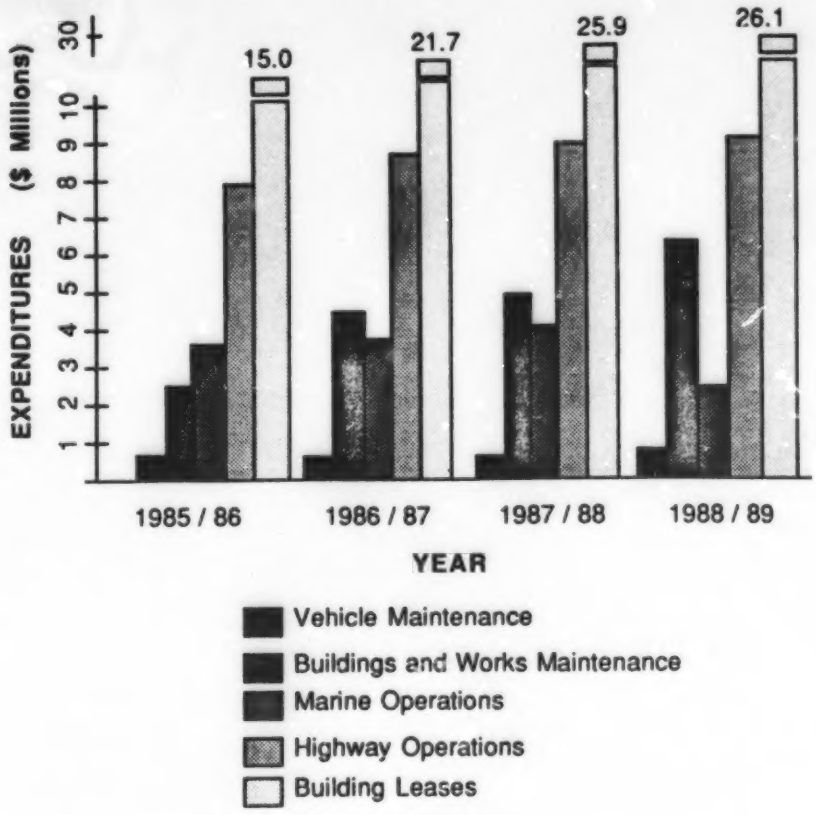
subsequently sent for public comment to over 700 contractors, communities and organizations, such as Chambers of Commerce and the NWT Construction Association. In 1988, Cabinet reviewed and approved a second discussion paper which was based upon this public input. The Department has continued to implement the various local and Northern involvement initiatives based upon Cabinet's approval of this 1988 paper.

In the area of leasing, the Cabinet approved a DPW policy in 1986 entitled the Leasing of Improved Real Property Policy. The policy formalized the Government's approach to leasing GNWT facilities, such as office buildings, staff housing units and government warehouses, from the private sector instead of constructing these facilities. The implementation of this policy has meant that the level of leasing from Northern and local businesses has increased from approximately $15 million in 1985-86 to $26 million in 1988-89. This has allowed several new, locally owned and managed companies, including community development corporations, to be created to construct, operate and maintain buildings leased by the Government. Thus, the Government has been able to provide increased long term business investment opportunities for Northern and particularly local firms. Many of these companies are now in the position to expand their businesses as a result of this Government initiative. In the period since the policy was implemented, the leasing of government facilities from Northern businesses has increased each year. An important side benefit of expanding our leasing program has been that capital resources needed to provide community infrastructure, such as schools, community centres and arenas have not been diverted to construct the facilities required by the Government itself.

DPW's maintenance activities are contracted to the private sector, wherever appropriate, in support of the GNWT's Privatization Policy, established in 1985. Maintenance activities in DPW include operating and maintaining the various buildings, works, vehicles and equipment owned or leased by this Government. A summary of DPW&H's privatization expenditures is shown in Figure 2.

As can be seen therefore, increasing the levels of local and Northern involvement for Northern businesses and the continued implementation of the Government's thrust to maximize business development and employment opportunities through the construction, maintenance and leasing of government infrastructure have been goals of DPW and the Government for many years.

More recently, the Government document, Direction for the 1990's, prepared and issued in early 1988, identified support for Northern business and approaches to construction as key priorities for the Executive. The local and Northern involvement policies, directives, procedures and approaches to contracting have been integral components in the Government's plans to implement these priority thrusts.



Source: FIS Computer Reports

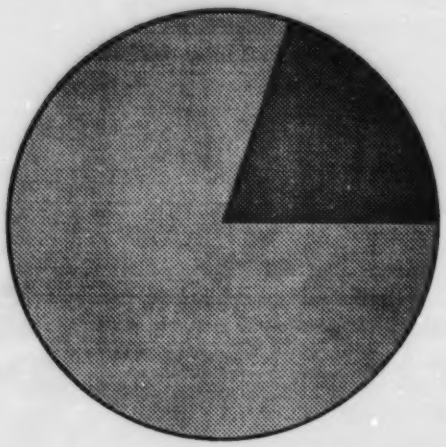
FIGURE 2
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS PRIVATIZATION

The Department fully realizes that our construction, leasing and maintenance programs provide excellent opportunities to develop local development corporations and other private businesses for construction and maintenance work. These programs also provide excellent opportunities to train Northern residents in a variety of trades occupations, such as carpentry, plumbing and electrical trades. As Figure 3 shows, the Department has met with considerable success in achieving high levels of contracting with both Northern and local businesses for the provision of construction and maintenance services.

In 1988-89, DPW issued construction, maintenance and service contracts valued at approximately $46 million. Northern contractors were awarded 80% of the total value of these contracts. As well, the Department has been successful in supporting the development and ongoing viability of Northern architectural and

80%

Contracts Awarded to Northern and Local Firms ($36,582,065)



20%

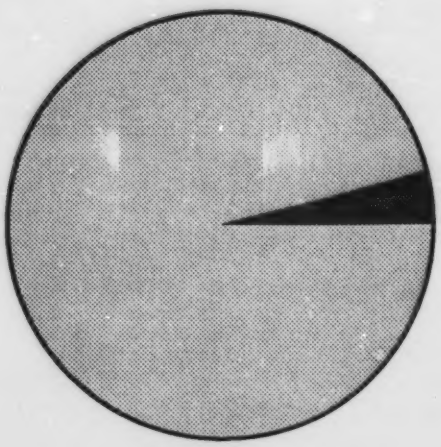
Contracts Awarded to Southern Firms ($9,052,573)

FIGURE 3

1988 - 89 AWARD OF CONSTRUCTION , MAINTENANCE & SERVICE CONTRACTS DEPARTMENT OF PUBLIC WORKS

engineering consulting firms, who operate from offices in the NWT. Figure 4 reveals that fully 96% of contracts valued at about $7 million were awarded to Northern engineering or architectural consulting firms.

Over the years, on an individual project basis, DPW has been able to maximize Northern and local involvement opportunities. For example, on the Nahanni Butte School, approximately 70% of all labour was local or Northern, with a total Northern and local payroll of $157,000 out of a total payroll for labour of $224,000. On a total project basis 52% of the project's cost was applied in the North. By excluding materials purchased from a Northern company but supplied from the South, the percentage of this project accruing to Northern and local individuals and businesses was 78.5%.



96%
Contracts Awarded to
Local and Northern
Consultants
($6,399,687)

4%
Contracts Awarded to
Southern Consultants
($265,076)

FIGURE 4
1988 - 89 AWARD OF ARCHITECTURAL & ENGINEERING CONTRACTS
DEPARTMENT OF PUBLIC WORKS

GUIDING PRINCIPLES

In order to ensure that this strategy is implemented effectively and in conjunction with other components of the GNWT Economic Development Strategy, the following principles have been adopted:

1. The GNWT is committed to maximizing business development, training and employment opportunities for all NWT businesses and residents. As much as possible, DPW will continue to implement its annual capital construction, maintenance and leasing programs, utilizing various policies, directives, procedures and approaches which emphasize and maximize business, employment and training opportunities for local and Northern businesses and residents.

2. DPW will continue to follow quality standards in construction, maintenance and leasing.

3. The Local and Northern Involvement in Construction, Maintenance and Leasing Strategy will continue to be implemented in close consultation with government departments and agencies responsible for implementing other elements of the GNWT's Economic Development Strategy, as well as with the private sector.

It should be noted that in adhering to these principles, the following policies and directives are integrated within the implementation of the Local and Northern Involvement in Construction, Maintenance and Leasing Strategy:

1. Business Incentive Policy.
2. Leasing of Improved Real Property Policy.
3. Privatization Policy.
4. Tender Advertisement Directive.
5. Directive on the Use of Commercial Accommodations by Contractors.
6. Directive on the Selection of Architectural and Engineering Consultants.
7. Timing of Payments Directive (Department of Finance Directive).

STRATEGIC GOAL

The Department of Public Works implementation of the Local and Northern Involvement in Construction, Maintenance and Leasing Strategy will achieve the goal of increased business development, training and employment opportunities for qualifying firms and NWT residents in design, construction, leasing and maintenance work.

ELEMENTS OF THE STRATEGY

The Local and Northern Involvement in Construction, Maintenance and Leasing Strategy utilizes a variety of support methods to assist Northern businesses and residents to participate more actively in the construction, maintenance and leasing sectors of the NWT economy. This is done through the application of various GNWT policies, Departmental directives and procedures and special approaches to contracting.

In some fashion or another, the Department is working toward the achievement of its major local and Northern involvement strategic goal with each and every contract and lease that is awarded.

The Government of the NWT realizes that the costs of operating a construction business in the North are higher than in the South. The GNWT also acknowledges that the construction industry in the North is not as fully developed as the Southern construction industry.

The Government has also realized that one of the primary limiting factors to increasing employment of Northerners is a lack of education and training for employment. Much of the Department of Education's strategy, entitled "Preparing People for Employment in the 1990's: An Employment Development Strategy for the Northwest Territories", is focused on addressing this problem. The Government recognizes the opportunity which is offered by construction projects to provide local community residents with on-the-job skills training and employment opportunities.

i) Publicly Tendered Contracts

All DPW construction projects which are publicly tendered are subject to the following policies, directives and operating procedures designed to assist Northern businesses and residents to participate to the fullest extent possible in the construction industry. In addition to the following being applied to Northern contractors, it is important to note that many of these are also applied to contracts awarded to Southern firms, to ensure the maximum level of support to local and Northern subcontractors, suppliers and accommodation facilities.

1. Selection of Architectural and Engineering Services

DPW awards all consulting contracts to Northern firms unless the required expertise is not available in the NWT. This has resulted in the establishment, in the North, of technically competent professional firms capable of undertaking 96% of all consulting contracts. On the majority of such contracts, the Department requests competitive proposals.

2. Tender Advertisements

Many of the contractors who tender on contracts are based in small remote communities and it is

sometimes difficult for them to find out about contracts with sufficient time to bid on them. Therefore the Department places an advance advertisement in newspapers, one month prior to the formal tender advertisement. This gives all contractors an opportunity to become aware of tender calls and to advise the Department of their potential interest in bidding.

Northern contractors in the remote communities may find it difficult to submit bids in time to meet tender closing deadlines especially when they must rely on both getting sub-contract prices, which traditionally arrive at the last moment, and on the mail system to deliver their bids on time. In order to overcome this problem, the Department distributes drawings and subsequently opens tenders in various locations, not just Headquarters or the Regional Centres.

All tenders are advertised only in Northern newspapers. DPW advertises for each project in accordance with the criteria included in its Tender Advertisement Directive. To further assist local businesses, the Department posts notices of tenders in the community where projects are to occur at the same time as the project is formally tendered in Northern newspapers.

3. Tender Documents

a) Business Incentive Policy (BIP)

This GNWT policy provides an adjustment to every bid received from a Northern company. Northern general contractors receive a 10% preference on the first $1,000,000 and 5% on the next $1,500,000 for a maximum bid adjustment of $175,000. To provide all Northern subcontractors with additional support, they will receive a 10% preference on their full contract value without any upper dollar limit. The GNWT, Business Incentive Policy permits Southern general contractors to take advantage of the BIP by listing Northern subcontractors. This provides a strong incentive to Southern companies to utilize Northern subcontractors to the maximum extent possible.

b) Commercial Room & Board

In order to support Northern establishments providing room and board, all DPW construction contracts require contractors to use local facilities rather than set up camps. This requirement may be waived if the local establishment does not provide acceptable facilities or if the owner does not want to rent out rooms to the contractor.

c) Bonding

One of the challenges facing the GNWT is to assist small contractors who have difficulty in getting bonding or whose bonding capacity has reached its limit. The GNWT requires bonding only on contracts over $100,000. This is a much higher limit than the Federal Government's level of $25,000. The majority of DPW contracts are less than $100,000 and therefore do not require bonding. The Department may waive the bonding requirement on contracts over $100,000 in order

to support Northern contractors. In these cases, the GNWT bears the risk of non-performance.

d) Level of Local and Northern Involvement

All contractors are required to indicate in their bid the level of local and Northern involvement they intend to achieve on the project. This is separate from the contractor's Northern status because it reflects the fact that all contractors, whether Northern or Southern, have some local and Northern content. This information is required at tender closing as an estimate and at the end of the job to report on the actual levels achieved. This includes information on payroll, material, equipment, transportation and accommodation which is local and Northern. Education's Northern Training and Employment Register (ENTER) is now available to assist contractors in identifying and recruiting local residents for employment opportunities on construction projects.

e) Training

Contractors are required in their bids to outline semi-skilled training or apprenticeship training programs they plan to utilize.

f) Local Project Assistant

For selected projects over $500,000, a local resident will be hired to assist with project management and support local involvement. This allows interested local residents to become familiar with the management and administration of a construction project. Initial duties include keeping the time for workers, liaising with the local workforce and other assignments. Individuals displaying aptitude and willingness are encouraged to develop their skills and knowledge through further education and training with a view towards eventual employment in construction management.

g) Project Liaison Committee

A committee consisting of representatives from the community council, the Department of Public Works and the GNWT client department is formed on most projects to assist with the project, especially in respect to maximizing local and Northern involvement. Other government departments, such as Education, may also be brought in to work with the committee to assist with the training or employment of local residents.

4. Project Monitoring

Contractors are required to report on the level of local and Northern involvement achieved for projects.

ii) Special Contracting Approaches Used by DPW in Construction Projects

DPW has over the years implemented five special approaches which are used on selected projects

each year to achieve significantly higher levels of local and Northern involvement. The Department applies many of the above noted policies, directives and procedures on contracts awarded utilizing these special approaches.

The five special approaches used by DPW are:

1. Tender and award on the basis of both price and the level of local and Northern involvement.
2. Partial authority for project planning and implementation granted to community councils.
3. Sole source contracts.
4. Negotiated contracts.
5. Construction management by GNWT/contractors.

Each of these is described in detail below.

1. Tender and Award on the Basis of Both Price and Level of Local and Northern Involvement

Contracts are tendered publicly and contract award is based on price as well as maximizing the usage of Northern and local labour, subcontractors, equipment, construction materials and local accommodations. All of this Government's policies, directives and procedures, as outlined above, apply to maximize local and Northern involvement.

This approach allows the GNWT to increase the amount of local and Northern involvement and the premium required will be easily identified. Use of this approach, however, may require extended contract award periods. Cabinet approval is required whenever the award of the contract is not to the lowest bidder.

Criteria:

a. Projects are tendered with a statement as to the GNWT's intent to award the contract on the basis of price as well as the level of local and Northern involvement.

b. A pre-tender meeting is held to explain DPW's intent to all bidders.

c. A joint committee is established composed of community and government representatives to monitor the project. Project budget control is by the Department of Public Works.

d. A "local project assistant" is hired on selected projects with estimated construction costs over $500,000.

e. Persons interested in working on upcoming projects in their community are identified in advance with skill levels noted. This will be accomplished through the use of the Department of Education's ENTER system.

2. Partial Authority for Project Planning and/or Implementation Granted to Community Councils.

In this instance, project management authority is delegated to community councils in varying degrees. Depending upon the complexity of the project and the experience of the community council, projects are turned over at any point from planning to construction. The community may conceivably engage the services of planning consultants for planning and programming; architects or engineers for design and contract documents; as well as enter into construction contracts. This approach is implemented in line with the Municipal Capital Assistance Policy of the Department of Municipal and Community Affairs (MACA). The community, in awarding any contracts, is expected to follow existing government policies, procedures and directives as earlier outlined.

Criteria:

a. Communities undertaking this approach are selected on the basis of capability and willingness. The communities formally indicate a willingness to participate in project planning and/or implementation.

b. The community must be assessed by the GNWT as capable of undertaking partial management of project planning and/or implementation. MACA is responsible for assessing the community's ability to undertake project planning, while DPW assesses its ability to undertake project implementation (design, construction, etc.).

c. The community signs a Partial Project Authority Agreement with DPW and MACA, which sets out all terms and conditions under which the GNWT and the community will manage the project.

d. The community agrees to participate on a project management committee together with participants of the Department of Public Works and the client department. Such a committee is established for each project implemented under this approach.

3. Sole Source Contracts

Contracts are awarded to one contractor directly without competition. Reasons for sole source contracts as outlined in the Government Contract Regulations are:

(a) Construction is urgently required and delay would be injurious to the public interest.

(b) Only one party is available and capable of performing the contract.

(c) The contract does not exceed $1,000 in value.

Many construction and maintenance contracts are small and there is often only one local firm available, thus providing high levels of local and Northern involvement.

The criteria for the award of a sole source contract are defined in the Government's Contract Regulations.

4. Negotiated Contracts

Contracts are awarded to one contractor directly without competition. Reasons for negotiated contracts are:

(a) Award to a new Northern or local company which does not yet have the experience and business skills to secure the contract on a competitive basis.

(b) Award to a Northern or local company due to special circumstances, usually associated with maximizing local and Northern involvement or training.

It is a requirement of the Government Contract Regulations, pursuant to the Financial Administration Act, that all contracts estimated to exceed $1,000 must be obtained by tender.

Criteria:

a. The initial decision to negotiate a contract requires Executive Council approval.

b. Terms and conditions of negotiated contracts require the approval of the Financial Management Board.

c. Company share structure should be such to allow for a significant number of local owners from the community.

d. Shareholders are to be Northern and the majority of shareholders must be local.

e. The contractor is required to use 100% Northern and local subcontractors, equipment and labour, except where specifically approved by the Minister of Public Works.

f. Government may support the payment of a premium as a result of the negotiation of contracts, where the economic development and social benefits defined in the Company's business plan equal or exceed the value of the premium to be paid.

5. Construction Management by GNWT/Contractors

In this instance, an individual employed by the GNWT acts as general superintendent. All subcontracts for labour, materials and services are awarded separately to achieve the maximum Northern and local involvement. All payment control, administration, accounting and other management aspects are handled either by the GNWT or the contractor. Certain subtrade work such as electrical and mechanical is tendered separately.

Criteria:

a. Projects should be smaller and of simpler construction where the potential for local labour involvement is greater.

b. A joint committee is required to be established composed of community and government representatives to monitor the project.

c. Project superintendents must have the experience and ability to train and work with local residents in isolated Northern communities.

d. The communities must indicate their willingness to support this approach.

e. Government procedures for purchasing materials and hiring of staff on-site may have to be revised as required for each particular project.

f. Generally to be used only in smaller communities where local contractors are not available to take on the project.

A successful example which utilizes this approach is the Snowdrift Community Office. Local involvement in both construction and project management has been very successful. Of the $509,000 expended on construction to date, $224,000 has been local and an additional $241,000 has been Northern. This 307 sq. metre building contains council chambers, 5 community offices, 3 GNWT offices, a post office and associated support spaces. The Hamlet of Snowdrift has been highly involved in this project since its start through the community's signing of a Partial Authority Agreement with DPW and Municipal and Community Affairs. With DPW project management assistance and a DPW-hired site supervisor, the community is using a construction management approach that is far more complicated than contracting with a single general contractor. This approach has been selected to maximize local involvement while simultaneously maximizing flexibility in controlling the final project cost.

Construction contracts which are publicly tendered and awarded to the lowest bidder, as well as those awarded under any of these five special approaches used by DPW, are subject to the application of the various government policies, directives and procedures outlined earlier in this report. Figure 5 describes the degree to which these policies, directives and procedures are applicable to the Department's construction approaches.

Expected Impacts

The use of the above noted special approaches have important impacts on the implementation of the GNWT's capital construction program.

1. Project costs may increase because unskilled/untrained personnel are not as productive as trained construction tradespeople. Providing enhanced supervision and training to residents will cost more.

2. Project construction time may be extended, therefore, the facility may not be available as soon

	PUBLIC TENDER			NOT PUBLICLY TENDERED		
	Lowest Acceptable Bid	Low Bid and Involvement*	Partial Authority	Sole Source Contract	Negotiated Contract	Construction Management
DESIGN						
Selection of Architectural and Engineering Consultants						
TENDER ADVERTISEMENT						
Advance Advertising						
Advertising Locations						
Location of Tender Openings						
TENDER DOCUMENTS						
a) Business Incentive Policy						
b) Commercial Accommodation Policy						
c) Bonding						
d) Local/Northern Involvement						
e) Training						
f) Project Assistant						
g) Community/Client/DPW Committee						
TENDER AWARD						
Basis for Tender Award	Lowest Price	Lowest price & level of Local Involvement	Lowest Price	Gov't Contract Regulations	FMB Approval	Sub trades only
PROJECT MONITORING						
Local Involvement Report						

Application of Local/Northern Involvement Policies, Directives or Procedures

*Lowest Acceptable Bid and Local & Northern Involvement

APPLIES | MAY APPLY | DOESN'T APPLY

FIGURE 5

APPLICATION OF LOCAL AND NORTHERN INVOLVEMENT POLICIES, DIRECTIVES, OR PROCEDURES FOR VARIOUS TENDERING APPROACHES

as if skilled workers were employed. Training is a time-consuming process, and delays may be incurred in completion of facilities.

3. More time may be required to plan projects. Resources and desires of the community must be identified and evaluated, and specific procedures for each construction project must be identified in response.

4. More projects may be of stick-built construction. Buildings of wood are more labour intensive and offer more opportunity for local involvement and carpentry training.

5. Project management workload and government overhead costs may be increased.

If these approaches are to continue to be successful in the long run, it is important to recognize these impacts and continue to dedicate the necessary resources in support of project planning and implementation. This can best be accomplished and the additional costs monitored by building in these additional amounts for training or business development into individual project budgets. It must also be recognized that because local and Northern involvement costs more on an individual project basis, the number of projects which can be commenced or completed in any given year may decrease. Thus the Government must annually strike a balance between the justifiable demands for new or replacement community infrastructure and the achievement of local and Northern involvement.

iii) Leasing Contracts

DPW leases facilities such as staff housing and office space on behalf of the GNWT. The GNWT Leasing of Improved Real Property Policy provides the framework by which Northern businesses, and in particular local development corporations, have been able to develop quickly, by providing space to the Government on relatively long term lease arrangements. In the policy, the Government has stated that the GNWT may be prepared to pay a reasonable premium in support of NWT business development. Where the costs to lease are no greater than 10% higher than the costs to construct and own a facility, the Minister of Public Works can enter into a lease arrangement. Where this premium is over 10%, the approval of the Financial Management Board is required.

In addition, where the Government intends to negotiate a lease for office space with a specific business/development corporation, the following criteria apply:

1. The leased property will be owned by a Northern based company with the majority of shareholders being from the local community. The property must remain Northern owned for the duration of the lease.

2. The company will be required to use 100% local and Northern consultants, contractors and subcontractors except where specifically approved by the Minister of Public Works.

iv) Maintenance Contracts

The vast majority of DPW maintenance contracts are awarded to local and Northern companies. In contracting for maintenance, various policies (such as the Business Incentive Policy), Departmental directives and procedures are all applied to the extent practical. Most DPW maintenance contracts are awarded to Northern firms on the basis of either public tender or through sole source contracts. The Department continues to investigate privatizing maintenance services for buildings, works, vehicles and equipment, in line with the Government's Privatization Policy, where there is an interest by the private sector in performing the work on behalf of the Department.

The Department of Education funds the In-Service Apprenticeship Program, while DPW provides the daily supervision and on-the-job training for about 59 apprentices. These apprentices are being trained by DPW tradespeople throughout the Territories in the maintenance shops operated by the Department. Upon the completion of their apprenticeship program, these individuals are hired by DPW or private sector contractors involved in construction or maintenance work.

ACTION PLAN FOR THE FUTURE

In addition to continuing to implement existing policies, directives, procedures and special approaches, DPW will continue to look for new ways to increase the opportunities for training, employment and business development of Northerners.

Within this strategy area, DPW is already involved in developing or testing a number of new, significant initiatives. These initiatives include:

1. Working in cooperation with Arctic College, the Department of Education and other departments and agencies to identify and offer pre-employment and worksite skills training programs in communities, so that more local residents can be employed for longer periods of time on construction projects. The selection of communities for these programs is being coordinated with planned construction projects to provide residents with an opportunity to use the training to gain employment on upcoming projects.

Over this winter, pre-employment training programs are being offered in Chesterfield Inlet and Holman. Both communities are scheduled to receive a number of new construction projects in the next two or three years, thus providing those local residents who attend the training programs an opportunity to work for several construction seasons.

2. Working with the Departments of Transportation, Government Services and Economic Development and Tourism to improve the Business Incentive Policy. Changes are being considered to provide additional preference to local contractors or subcontractors bidding on jobs in their own communities, as well as other amendments.

3. Testing a new approach on five arena projects. The tender call was based on separating the steelwork supply and erection of all 5 arenas from the labour intensive non-steel construction work. Separate contracts for foundation and interior finishing work will add greater local and Northern involvement, as firms without steelwork expertise can now be considered. If this approach is successful, it may be applied to other similar projects in the future.

4. The development of closer working relationships with other departments and agencies as well as the private sector through DPW's ongoing liaison with the NWT Construction Association.

A definite result of this Government's economic development strategy and its various sectoral strategies will be a higher level of recognition of the programs being offered by other departments and agencies and increased cooperation between the various key players. As illustrated in Figure 6, there is considerable interaction already ongoing in relation to the Local and Northern Involvement Strategy and it is expected that these interrelationships will become stronger as a result

of the Government's efforts to focus attention on strengthening the NWT economy.

The NWT Construction Association and its member companies are also working to strengthen the construction industry in the Territories. The Association recognizes the need for increased employment and training opportunities for Northern residents to work in construction and maintenance. In this regard, the Association's interests are the same as those in DPW. This Department has developed an ongoing working relationship, through semi-annual meetings with the Association and other efforts, where joint issues and concerns are discussed and resolved. It is expected that this Government's increased focus on employment and training of Northerners to work in construction and maintenance will strengthen this relationship.

5. Working with the Department of Economic Development and Tourism in the development and implementation of new Northern business opportunities which can support the NWT construction industry in line with strategies being developed by that Department.

6. Working with the Department of Education to coordinate the usage of their new ENTER system. This system will allow DPW to identify to all contractors, the individuals and their skills who will be suitable for hiring on a particular project from that community.

DPW and the Department of Education will be implementing more flexible systems to allow for more exchange between private sector and government apprentices in the building trades. These systems will allow Education and DPW to assist private sector employers, especially those in smaller businesses to retain apprentices and continue their training, when construction and maintenance contracts are not available. Some of the funding now allocated to in-service apprentices is to be diverted to fund private sector apprentices under the NWT Apprenticeship Subsidy Program.

In addition, DPW is participating in the study currently underway to analyze the participation of women in trades in the Territories and will work to increase the opportunities for women wishing to enter apprenticeship training programs in the construction trades.

7. Working with other departments and agencies of the GNWT to ensure that the utilization of local and Northern involvement approaches is built into the planning of their capital construction projects.

8. DPW, in association with other departments, is finalizing the Local and Northern Involvement Policy, for Cabinet review and approval.

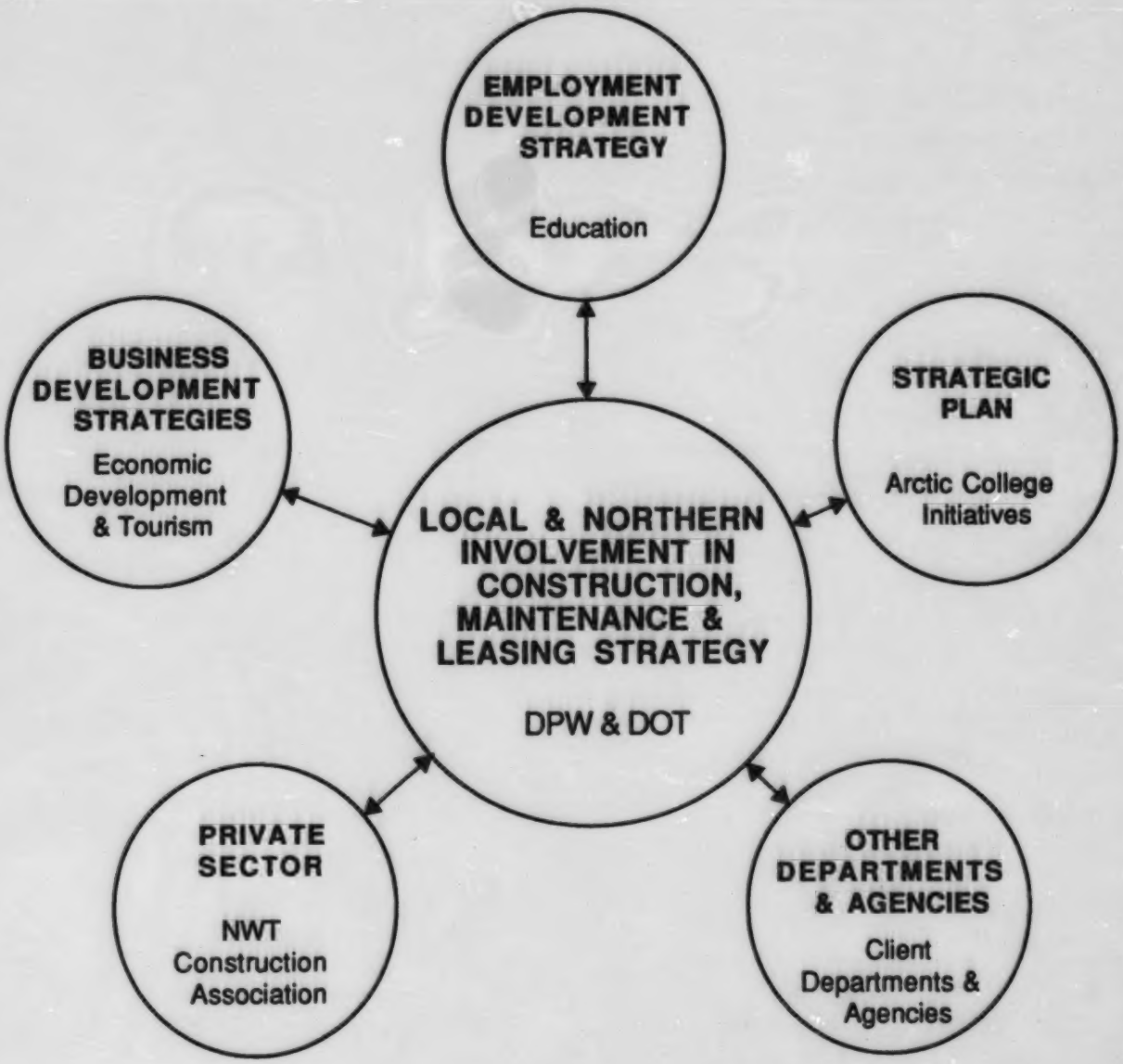


FIGURE 6

RELATIONSHIPS BETWEEN THE LOCAL & NORTHERN INVOLVEMENT IN CONSTRUCTION, MAINTENANCE & LEASING STRATEGY & OTHER GOVERNMENT ECONOMIC STRATEGIES

CONCLUSIONS

The development of this Government's economic development strategy serves as an opportunity to better coordinate existing government efforts as well as to undertake new initiatives, to assist the NWT business community and to generate increased employment opportunities for the residents of the Territories. This report deals with just one very important component of this overall strategy, the continuing development and expansion of the construction, maintenance and leasing industry, through the past, present and future efforts of DPW.

Through the preparation and distribution of this report on the Local and Northern Involvement in Construction, Maintenance and Leasing Strategy, it is hoped that increased public knowledge and awareness of the intent and content of the strategy will further DPW's efforts to increase business, training and employment opportunities for all Northerners.